GOVERNMENT OF INDIA
NEW AND RENEWABLE ENERGY
LOK SABHA

UNSTARRED QUESTION NO:2029
ANSWERED ON:28.07.2016
Financial Assistance to NRE Projects
Reddy Shri J.C. Divakar

Will the Minister of NEW AND RENEWABLE ENERGY be pleased to state:

(a) whether it is a fact that the Government has constituted the Indian Renewable Energy Development Agency, a financial company exclusively for giving financial assistance to the new and renewable energy projects for the development of the non-conventional energy projects in the country;
(b) if so, whether Reserve Bank of India has brought this sector under priority sector lending and the rate of interest that is being prescribed by IREDA for the non-conventional energy sector along with the rate of interest that is being allowed by the pubic undertaking banks to the transmission companies and the National Thermal Power Corporation Limited etc. for similar projects;

(c) if so, the details of all other charges that IREDA is levying on NRE developers;
(d) whether IREDA is charging rate of interest over and above the rate of interest being charged by the nationalized banks and 1 percent rate of interest during the construction period having fixed the construction period 2 to 3 years for each project; and

(e) if so, the details thereof and the steps being taken by the Government thereon?

Answer

MINISTER OF STATE FOR POWER, COAL, NEW & RENEWABLE ENERGY & MINES (SHRI PIYUSH GOYAL)
a) Yes, Madam. The Indian Renewable Energy Development Agency (IREDA), a non-banking financial company (NBFC) was established in 1987 for promoting, developing and extending financial assistance for setting up renewable energy and energy efficiency/ conservation projects.
b)&c): The renewable energy sector has been classified as priority sector for lending by the Reserve Bank of India vide circular dated 24/4/2015. Under priority sector, the Banks provide loans up to a limit of Rs.15 crore to the borrowers for renewable energy projects. As IREDA is an NBFC, registered with RBI and giving financial assistance exclusively to the new and renewable energy projects, the said circular of RBI for priority sector is applicable for banks only and not for IREDA. The rates of interest charged by IREDA are very competitive with that of other banks and FIs. IREDA charges front end fees and application fees like other institutions/ banks. The interest charged by IREDA is a function of the project profile, creditworthiness, repayment capacity etc and varies from project to project.
d)& e): The rate of interest being charged by IREDA are very competitive with that of other banks and FIs. No interest during construction period is charged for wind and solar projects. However, said interest is charged @ 0.5% for long gestation projects in Hydro and Biomass cogeneration etc.
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